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How to Calculate Your Net Worth

Your net worth is a measure of your total assets minus your liabilities. While that sounds easy enough to determine, you have to consider more than what is in your bank account.

How can you calculate your net worth?

Add Up Your Assets

First, add up all of your assets, anything that you own that has value. Assets might include:

Cash in your checking and savings accounts | Investment and/or retirement accounts

Life insurance policies | Your home and any other property you own

Cars | Collectibles, such as art or valuable coins |

Subtract Your Liabilities

Liabilities are any debts that you owe. You may have liabilities such as:

A mortgage | Credit card debt | Student loans | Car loan

Personal loan | Unpaid taxes | Medical bills | An Example of Calculating Net Worth

Once you have an accurate accounting of your assets and liabilities, you can easily calculate your net worth. Subtract your total liabilities from your total assets.

Imagine you have the following assets:

\$50,000 in your checking and savings accounts | \$100,000 in your investment portfolio

And the following liabilities:

\$15,000 in student loans | A mortgage balance of \$50,000

Your assets equal \$150,000, and your liabilities equal \$65,000. Your total net worth would be \$85,000.

If you have more liabilities than assets, your net worth is considered negative. If you have a significant positive net worth, you may be considered a high-net-worth individual.

Knowing your net worth gives you a snapshot of your finances, which can help you plan for your financial future. Get in touch to discuss your future and the steps you can take to protect and grow your wealth.

Helping clients get back to the basics of building and maintaining wealth in a tax efficient way.



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